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Spain

Exporter Guide

Annual

2007

Approved by:
Stephen Hammond
U.S. Embassy

Prepared by:
Arantxa Medina
Heather Page

Report Highlights:

This report provides information on the Spain economic situation; food products market structure, exporter tips, and best prospects for U.S. food exporters interested in the wholesale, retail, food processing and/or hotel, restaurant, and institutional (HRI) sectors.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Madrid [SP1]
[SP]

INDEX

SECTION I. SPAIN MARKET OVERVIEW

SPAIN ECONOMIC TRENDS

	2003	2004	2005	2006	2007*	2008**
ECONOMIC TRENDS						
Inflation (%)	2.6	3.2	3.4	2.7	**2.5**	**2.7**
Unemployment (%)	11.7	11.0	8.7	8.3	**8.2**	**8.1**
GDP at Market Prices (%)	2.4	3.1	3.4	3.8	**4.1**	**4**
GDP per Capita (USD$)	17,442	19,388	25,504	27,767	**28,400**	**29,600**
AGRICULTURAL PRODUCTS IMPORTS ($ Million) (1)						
Total Agricultural, Fish and Forestry Products	22,284	25,868	26,670	28,833	**30,700**	**31,400**
Total U.S. Agricultural, Fish and Forestry Products	1,310	1,302	1,185	1,043	**1,400**	**1,400**
Total Food Products	19,433	22,811	24,614	25,177	**26,400**	**27,000**
Total U.S. Food Products	1,050	1,050	954	813	**1,00**	**1,000**
Total Fish and Seafood Products	4,620	4,923	5,659	6,290	**6,800**	**7,000**
Total U.S. Fish and Seafood Products	80	83	77	86	**82**	**80**
RETAIL SECTOR (2)						
No. of Retail Stores	56,913	54,255	51,962	49,797	**47,700**	**47,000**
Total Retail Sales ($ Million)	61,829	66,134	70,401	74,436	**78,900**	**80,000**
Retail Sales Share by Type of Store (%)						
Hypermarkets	17.6	17.4	17.2	17	**15**	**16**
Supermarkets	42.4	43.8	45.0	46	**49**	**48**
Traditional Stores	30.1	29.8	29.3	29	**27**	**24**
Others	9.9	9.0	8.5	8	**9**	**12**

(1) Global Trade Atlas (GTA)
(2) Sector Magazines
(*) Estimates
(**) Forecast

Spain has a diversified distribution structure for food products ranging from traditional distribution methods, in which wholesalers sell to small shops that sell to the public, to large multinational supermarkets and retail stores. Department stores, hypermarkets, shopping centers and very specialized outlets are introducing the customer fidelity concept, which usually involves issuing client cards, cumulative discounts and special offers for frequent customers. New selling techniques are becoming very popular. Vending machines have spread throughout Spain in the last decade. Direct marketing by mail order, telephone, TV or electronic commerce is growing considerably.

The European Union (EU) establishes the rules and regulations governing acceptable sanitary, phytosanitary, general trade, and labeling in Spain. As a result, U.S. exporters, already exporting to other EU countries, more than likely already know and can meet most of the requirements for exporting to Spain. The key for a U.S. exporter wishing to enter this market is to find an agent or distributor, or to establish a subsidiary. A representative in Spain will likely know the different consumption patterns and preferences in each of the country's 17 autonomous regions. The Office of Agricultural Affairs in Madrid is dedicated to helping U.S. exporters access the Spanish market. Please contact us at:

Foreign Agricultural Service
American Embassy, Madrid
PSC 61, Box 20
APO AE 09642
Tel. 34-915872555
Fax: 34-915872556
Email: AgMadrid@usda.gov / AgIberia@usda.gov
http://www.embusa.es/

American Embassy, Madrid
Serrano, 75 – Box 20
28006 Madrid
Spain

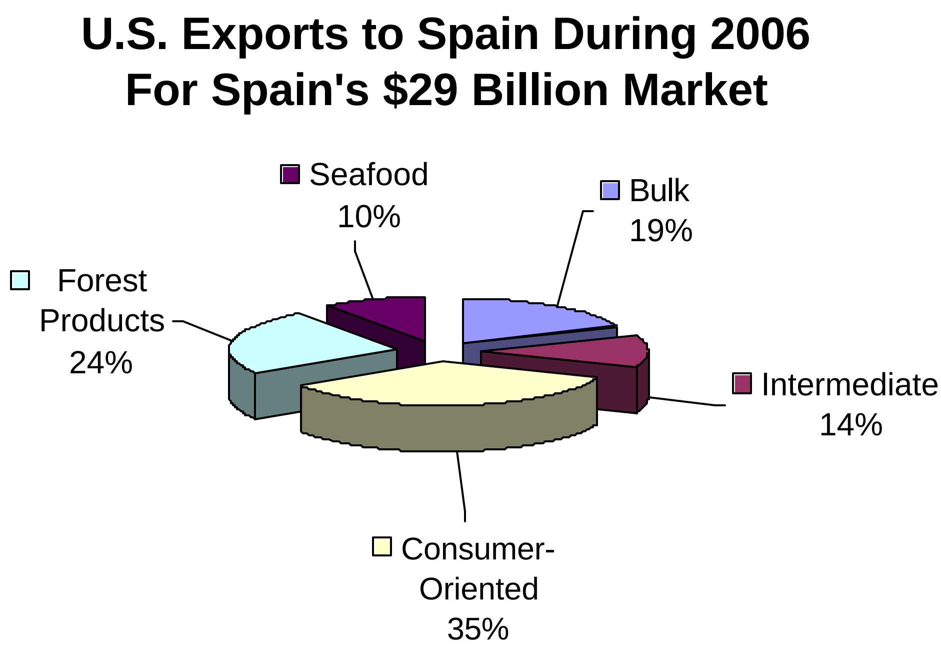
Market opportunities for U.S. tree nuts, seafood products, grains, feeds, beans, lentils, and high-value consumer foods exist in Spain. Below are key points regarding the market:

- Sales channels range from traditional distribution methods to large multinational supermarkets and retail stores.
- Department stores, hyper and supermarkets, shopping centers and very specialized outlets are introducing the customer fidelity concept.
- Direct marketing by mail order, telephone, TV or electronic commerce is growing considerably.
- Vending machines have spread throughout Spain in the last decade.

ADVANTAGES AND CHALLENGES FACING U.S. PRODUCTS IN SPAIN

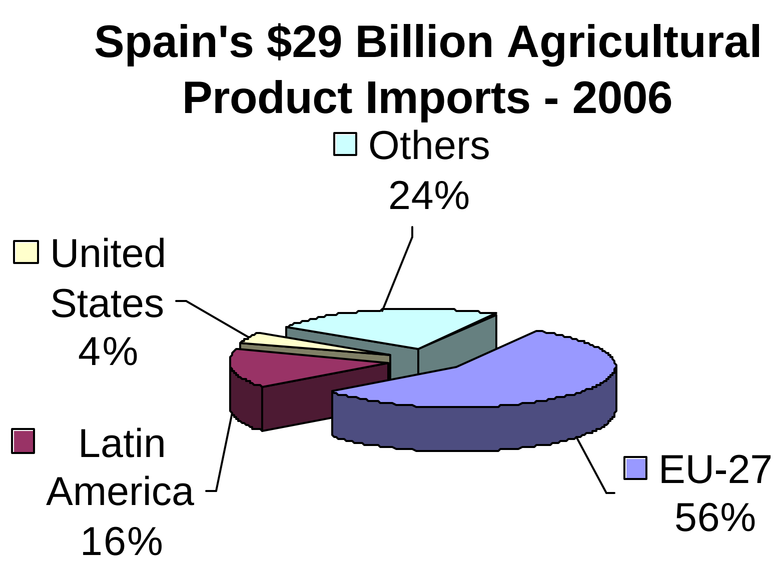
Advantages	**Challenges**
Growing niche markets such as ethnic foods.	High marketing costs (advertising, discounts, etc.) are necessary.
Interest in high-quality products.	Competition with similar food products produced in other EU countries that enter tariff free.
High consumer interest in new products.	Potentially higher shipping costs from the U.S.
Relative weakness of U.S. Dollar.	Supermarket and hypermarket shelf space is expensive.
Reduced fish catch from European waters while consumer demand remains strong.	Reluctance to purchase products containing genetically modified ingredients.
Modern food distribution system.	EU labeling and packaging laws.

Spain Market for U.S. Agricultural Products



SOURCE: BICO

Competition for Spain Market for Imported Agricultural Products



SOURCE: Global Trade Atlas

SECTION II. EXPORTER BUSINESS TIPS

Local Business Customs

Success in introducing your product in the Spanish market depends on acquiring local representation and making personal contact. The advantages of local representation include market knowledge, up-to-date information and guidance on business practices and trade laws, sales contacts, and market development expertise.

Spain has a number of sales channels ranging from traditional distribution methods, in which wholesalers sell to small shops that sell to the public, to large multinational supermarkets and retail stores. However, personal relationships are still very important, especially within smaller organizations. There is no substitute for face-to-face meetings with Spanish business representatives in order to break into this market.

The decision-making process within a Spanish company may be different from that in the United States. An initial "yes" usually means that the company will study the situation, and not necessarily that they will buy the product. Once a deal is struck, the Spanish company will likely expect the U.S. firm to translate into Spanish all commercial brochures, technical specifications and other relevant marketing materials. Decision makers at the Spanish firm may speak English, but the paperwork should come in Spanish.

The Spanish market is made up of a number of regional markets serviced by two major hubs, Madrid and Barcelona. The vast majority of agents, distributors, foreign subsidiaries and government-controlled entities that make up the economic power block of the country operate in these two hubs. Dealers, branch offices, and government offices found outside these two hubs will almost invariably obtain their supplies from their Madrid and Barcelona contacts rather than engage in direct importation.

General Consumer Tastes and Preferences

The traditional Spanish diet, the co-called “Mediterranean Diet”, which has been based on seafood, meat, vegetables, salads, fresh fruits, olive oil and wine, is being challenged. As consumers have less time for food preparation, the Spain market is increasingly characterized by a trend toward more novelties and specialties, less basic foodstuffs, more “natural” and delicatessen foods, and more prepared and ready to eat products favoring convenience. Consumers are also increasingly responding to high quality and attractive packaging. Influenced by constant advertising in the daily and weekly press and TV, consumers tend to follow fashionable trends, use new products and adopt new consumption habits. Increasing travel abroad by Spaniards, as well as a growing influx of foreign tourists into Spain, is also increasing demand for new products and an interest in ethnic foods, in particular. In addition, Spanish consumers are health conscious about food. Problems or potential problems concerning food safety are widely publicized and usually receive immediate attention from government agencies.

Food Standards and Regulations

For more information on food standards and regulations, please consult the Food and Agricultural Import Regulations and Standard (FAIRS) and FAIRS Export Certificate Reports for the EU and for Spain at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp. Also, please check the U.S. Mission to the European Union web page at http://www.useu.be/agri/expguide.html, which will provide information to help guide you on exporting into the EU.

Spain Market Access Reports

We have also developed Spain Market Access reports for fishery products, tree nuts products and pulses products, which can be found at the following address: http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp.

General Import and Inspection Procedures

Spain uses the Harmonized Nomenclature and Classification System (HS) and applies import duties according to a maximum and minimum rate schedule. The minimum tariff rate is applied to goods originating in countries entitled to the benefits of most-favored nation treatment (that is, members of the World Trade Organization (WTO) and countries with which the EU has signed trade agreements) including the United States. However, the EU has negotiated free-trade agreements, providing in many cases tariff-free access to the European market, which can leave the U.S. exporter at a disadvantage.

The local importer is the first responsible to the Spanish Government of imported food products when they enter Spanish territories. Therefore, the Spanish agent/importer should guide you through the entire process to market your product in Spain.

The following documents are required for ocean or air cargo shipments of food products to Spain:

Bill of Lading and/or Airway Bill
Commercial Invoice
Phytosanitary Certificate and/or Health Certificate when applicable
Import Certificate

> Most food products require an Import Certificate issued by the competent authority. However, the Import Certificate is obtained the Spanish importer and/or the agent involved in the business and is intended for tariff classification purposes.

Please keep in mind that if the product you are exporting into the Spain does not comply with EU harmonized regulations, Spanish customs or health authorities may not allow entry of the product.

For more information on import and inspection procedures in Spain, please see Food Standards and Regulations within this report.

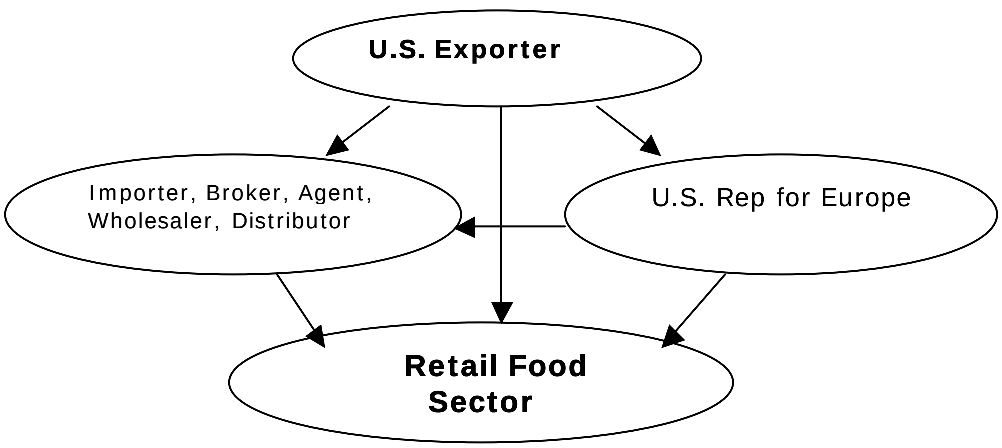
SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Food Retail Sector

The Spain retail food market is diversified. Hypermarkets/supermarkets, convenience stores, major discount stores and specialized stores coexist with the traditional corner grocery stores and open-air markets, even though the total number of retail outlets has decreased significantly in the last decade.

- In Spain, hyper and supermarkets account for 60 percent of total food sales.
- There is increasing competition in the scope and range of product offerings, including ready-to-eat and/or ready-to-cook foods, take away meals, and home delivery and the prices and services retailers offer consumers.
- An increasing supply of imported products has intensified competition among suppliers and retailers.
- EU Member States are the first suppliers of imported consumer-ready products, including seafood.

Market Structure:



For more information on the Spain Retail Food Sector, please consult the retail sector reports for Spain at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp.

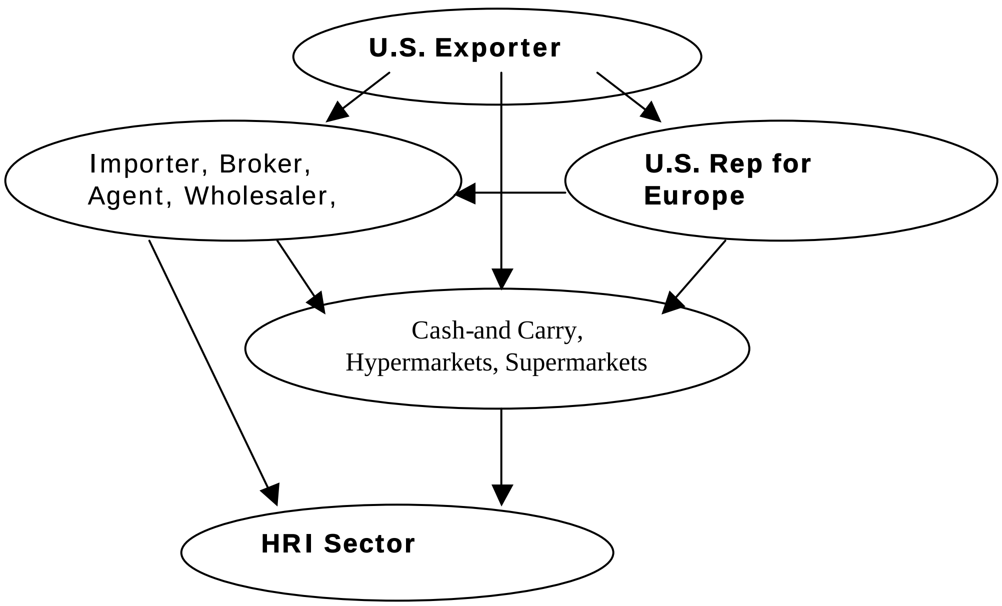
HRI Sector

The HRI sector expanded significantly during the mid 80's and 90's and into 2007, as a result of the profound social and economic changes unleashed upon Spain's accession to the EU in 1986. The expansion is not yet complete, nor has it slowed much over the years, so we expect that the sector will be of growing interest to some U.S. exporters.

Synopsis of the Spain HRI sector:

- The Iberian Peninsula is one of the top tourism destinations in Europe with increasing numbers of tourists every year, boosting demand for meals in the HRI sector;
- In Spain, the HRI sector accounts for about one third of all food consumed;
- Restaurant chains, including ethnic and fast food, are gaining market share and are expected to continue growing; and,
- Consumption of ready-to-eat/take away food continues to grow as consumers substitute home-cooked for convenience and timesaving. Most hyper and supermarket chains now offer ready-to-eat/take away food, and there is an increasing number of food outlets specializing in take-away food, ranging from barbecue to more traditional meals.

Market Structure:



For more information on the Spain HRI Sector, please consult the HRI sector reports for Spain at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp.

Food Processing Sector

The Spanish food-processing sector modernized and expanded significantly during the last couple of decades. With integration into the European Union in 1986, the Spain food-processing sector began a profound modernization in order to adapt to new EU requirements. Spain now has some of the most competitive food processing industries in Europe, which makes this sector an important target for U.S. food-ingredient exporters.

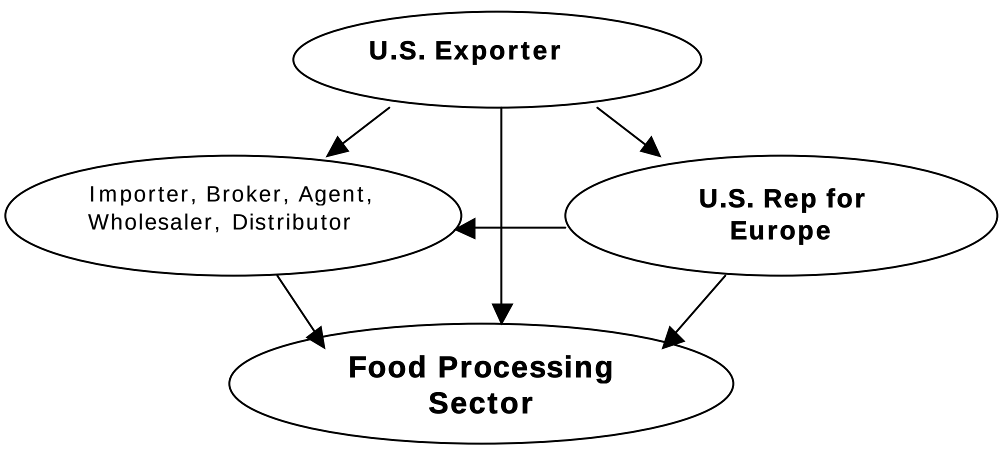
The Spain food-processing sector in summary:

- Modern, with special attention to the quality, safety, and traceability of the food products it produces.

In Spain this sector:

- Generates just under 20 percent of Spain's total industrial production, accounting for just over eight percent of the national gross domestic product;
- Is comprised of mostly small companies--about 97 percent of the 32,585 food processors employ less than 50 people; 820 employ between 50 and 200 people; 185 employ between 200 and 500 people; and only 67 food processors employ more than 500 people; and,
- Produces an estimated € 65 billion in product, of which € 13 billion is exported.

Market Structure:



For more information on the Spain food processing sector, please consult the food processing sector report for Spain at http://www.fas.usda.gov/scriptsw/AttacheRep/default.asp.

SECTION IV. BEST HIGH-VALUE PRODUCT PROSPECTS

Tree Nuts
Fish and Seafood, fresh and frozen
Forest Products
Pulses

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

If you have any questions or comments regarding this report or need assistance exporting to Spain, please contact the Office of Agricultural Affairs in Madrid at the following address:

Foreign Agricultural Service
American Embassy, Madrid
PSC 61, Box 20
APO AE 09642
Tel. 34-91 587 2555
Fax: 34-91 587 2556
Email: AgIberia@usda.gov
http://www.embusa.es/

American Embassy, Madrid
C/ Serrano, 75
28006 Madrid
Spain

Please consult our home page for more information on exporting U.S. food products to the Spain. Importer lists are also available from our office to exporters of U.S. food products. A list of trade associations and useful government agencies is provided below:

SPAIN

Trade Associations

FIAB- Federación de Industrias de Alimentación y Bebidas
(Spanish Federation of Food and Beverage Industries)

Diego de León, 44
28006 Madrid
Tel: 34 – 91 411 7211
Fax: 34 – 91 411 7344
www.fiab.es
fiab@fiab.es

FEHR – Federación Española de Hostelería
(Spanish Federation for HRIs Sector)
Camino de las Huertas, 18, 1ª
28223 Pozuelo de Alarcón
Tel: 34- 91 352 9156
Fax: 34- 91 352 9026
www.fehr.es

fehr@fehr.es

ASEDAS – Asociación Española de Distribuidores, Autoservicios y Supermercados
(Spanish Association for Distributors and Supermarkets)

Cedaceros, 11, 2 Despacho
28014 Madrid
Tel: 34- 91 429 8956
Fax: 34- 91
www.asedas.es
info@asedas.org

ANGED – Asociación Nacional de Grandes y Medianas Empresas de Distribución
(National Association of Midsize and Large Distributors)

Velazquez, 24, 5 dcha.
28001 Madrid
Tel: 34- 91 522 3004
Fax: 34 –91 522 6125
www.anged.es
anged@anged.es

Government Agencies

Imported Foodstuffs, Infections and Compound Residues, Health Certification, Port Inspection and EU Alerts
Subdireccion General de Sanidad Exterior
Ministerio de Sanidad y Consumo
Paseo del Prado, 18 y 20
28014 Madrid
Phone: (34-91) 596-2038
Fax: (34-91) 596-2047
http://www.msc.es/Diseno/informacionProfesional/profesional_sanidad_exterior.htm
E-mail : saniext@msc.es

AGENCIA ESPAÑOLA DE SEGURIDAD ALIMENTARIA (AESA)
Spanish Food Safety Agency
Alcalá, 56
28071 Madrid
Fax: (34-91) 338-0375
http://www.aesa.msc.es/aesa/web/AESA.jsp
E-mail: comunicacionaes@msc.es

Dirección General de la Industria Agroalimentaria y Alimentación
Ministerio de Agricultura, Pesca y Alimentación
Ministry of Agriculture, Fisheries and Food
Paseo de Infanta Isabel, 1
28014 Madrid
Tel: 34-91 347 5361
Fax: 34 – 91 347 5770
http://www.mapa.es/es/alimentacion/alimentacion.htm

For more information on exporting U.S. agricultural products to other countries, please visit the Foreign Agricultural Service home page at www.fas.usda.gov.

APPENDIX I. STATISTICS

Spain's Key Trade and Demographic Information

Agricultural Imports From All Countries ($Mil) / U.S. Market Share (%) [1] **- 2006**	**$28,833/4%**
Consumer Food Imports From All Countries($Mil)/U.S. Market Share (%) [1] **2006**	**$19,635/4%**
Edible Fishery Imports From All Countries ($Mil) / U.S. Market Share (%) [1] **- 2006**	**$6,290/1.5%**
Total Population (Millions) / Annual Growth Rate (%) **- 2006**	**44.7/1.4%**
Urban Population (Millions) / Annual Growth Rate (%) **- 2006**	**34.4/0.013%**
Number of Major Metropolitan Areas	**4**
Per Capita Gross Domestic Product **- 2006**	**€27,767**
Unemployment Rate (%) **- 2006**	**8.3%**
Per Capita Food Expenditures (Euros) **- 2006**	**€1,355**
Percent of Female Population Employed **- 2006**	**43.05%**
Exchange Rate (US$1 = 1 Euro) **- 2006**	**€0.73**

(1) Source: Global Trade Atlas (GTA)

Spain's Food Imports

Spain Imports (In Millions of Dollars)	Imports from the World			Imports from the U.S.			U.S Market Share %		
	2004	2005	2006	2004	2005	2006	2004	2005	2006
CONSUMER-ORIENTED AGRIC. TOTAL	9,738	10,367	10,637	391	347	358	4.0	3.3	3.4
Snack Foods (Excl. Nuts)	595	648	641	1	0	1	0.2	0.0	0.2
Breakfast Cereals & Pancake Mix	123	147	151	0	0	0	0.0	0.0	0.0
Red Meats Fresh/Chilled/Frozen	789	842	1,012	0	0	0	0.0	0.0	0.0
Red Meats Prepared/Preserved	192	231	249	0	0	0	0.0	0.0	0.0
Poultry Meat	219	294	240	0	0	0	0.0	0.0	0.0
Cheese	1,106	1,185	1,130	6	2	6	0.5	0.2	0.5
Dairy Products (Excl. Cheese)	745	731	727	73	0	0	9.8	0.0	0.0
Eggs & Products	48	41	43	2	2	1	4.2	4.9	2.3
Fresh Fruit	873	956	890	0	2	0	0.0	0.2	0.0
Fresh Vegetables	505	470	525	1	1	1	0.2	0.2	0.2
Processed Fruit & Vegetables	872	863	937	5	5	6	0.6	0.6	0.6
Fruit & Vegetable Juices	192	196	213	0	0	0	0.0	0.0	0.0
Tree Nuts	564	589	568	287	320	326	50.9	54.3	57.4
Wine & Beer	326	334	388	0	0	0	0.0	0.0	0.0
Nursery Products & Cut Flowers	228	257	251	2	3	3	0.9	1.2	1.2
Pet Foods (Dog & Cat Food)	128	138	150	2	2	3	1.6	1.4	2.0
Other Consumer-Oriented Products	2,236	2,422	2,490	11	8	10	0.5	0.3	0.4
FISH & SEAFOOD PRODUCTS	5,278	5,659	6,290	84	78	94	1.59	1.38	1.49
Salmon	133	180	195	3	3	9	2.26	1.67	4.62
Surimi	82	70	101	10	10	16	12.20	14.29	15.84
Crustaceans	1,372	1,491	1,753	26	31	40	1.90	2.08	2.28
Groundfish & Flatfish	1,162	1,161	1,391	15	10	12	1.29	0.86	0.86
Molluscs	1,126	1,212	1,221	13	10	10	1.15	0.83	0.82
Other Fishery Products	1,401	1,546	1,629	17	14	6	1.21	0.91	0.37
AGRICULTURAL PRODUCTS TOTAL	18,011	19,625	19,636	775	715	667	4.30	3.64	3.40
AGRICULTURAL FISH & FORESTRY TOTAL	25,981	28,129	28,833	1,195	1,297	1,003	4.60	4.61	3.48

Source: GTA

Spain's Top 15 Food Suppliers

CONSUMER-ORIENTED AGRICULTURAL IMPORTS			
($1,000)	2004	2005	2006
France	2,181,437	2,250,168	2,276,137
Germany	1,217,784	1,340,963	1,457,864
Netherlands	1,137,105	1,128,495	1,199,015
Italy	668,681	727,869	713,183
Ireland	597,012	632,525	708,733
Belgium	508,604	523,712	536,444
Portugal	499,784	553,542	528,191
United Kingdom	343,317	377,778	381,875
United States	318,633	346,554	358,141
Denmark	314,996	337,823	351,571
Brazil	180,572	216,448	212,808
Peru	145,460	178,521	180,132
Morocco	138,257	170,302	162,825
Chile	120,276	131,969	155,193
Argentina	118,919	164,145	148,065
Other	1,246,859	1,285,809	1,267,685
World	9,737,696	10,366,623	10,637,862

FISH & SEAFOOD PRODUCTS IMPORTS			
($1,000)	2004	2005	2006
Morocco	412,695	477,284	525,132
Argentina	356,686	293,103	516,132
France	431,325	384,757	375,260
Netherlands	324,247	342,496	353,648
United Kingdom	314,623	326,619	327,949
China	132,052	233,480	302,858
Italy	209,051	247,076	274,306
Ecuador	109,328	184,149	256,654
Portugal	226,896	251,868	254,943
Denmark	234,681	267,898	248,835
Namibia	243,540	210,689	212,848
Chile	171,006	165,771	182,721
India	104,540	124,420	153,744
South Africa	168,599	145,876	137,977
Falkland Islands	106,574	131,113	108,173
Other	1,732,426	1,872,668	2,059,068
World	5,278,269	5,659,267	6,290,248

Source: GTA